

Message Text

LIMITED OFFICIAL USE

PAGE 01 KINGST 03647 171255Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 GSA-01 INT-05 L-03 H-02 /089 W

----- 003668

R 162000Z SEP 75

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 8873

LIMITED OFFICIAL USE KINGSTON 3647

EO 11652: N/A

TAGS: EMIN, JM

SUBJECT: BAUXITE: GOJ/ALCOA PRELIMINARY CONVERSATIONS

REF: KINGSTON 3559

1. SUMMARY: ALCOA GENERAL MANAGER CROUCH TOLD AMBASSADOR THAT PRELIMINARY CONVERSATIONS WITH GOJ NEGOTIATOR ROUSSEAU INDICATED THERE WERE NO MAJOR UNRESOLVABLE DIFFERENCES BETWEEN ALCOA AND GOJ. ACCORDING CROUCH, WHILE ALCOA WAS PRIMARILY INTERESTED IN "PROFITS, COSTS AND CUSTOMERS" WHILE GOJ INTERESTED IN "TAXES, WAGES AND VOTES" THERE WERE NO OBSTACLES TO AN AGREEMENT. ALTHOUGH CONVERSATIONS WERE TERMINATED WITHOUT A SPECIFIC DATE FOR THEIR RESUMPTION, GOJ EXPECTED TO SUBMIT MEMORANDUM OF SIX CONTRACT POINTS FOR ALCOA'S CONSIDERATION. END SUMMARY

2. ROUSSEAU EXPRESSED INTEREST IN CALCULATIONS ON 300 THOUSAND TON INCREASE IN CAPACITY. JAMAICANS APPARENTLY HAVE 20 YEAR CONTRACT EFFECTIVE JANUARY 1, 1976, TO SUPPLY THIS AMOUNT OF ALUMIN (CROUCH SAID HE DID NOT KNOW WHO CUSTOMER WAS). JAMAICANS ALSO NEGOTIATING TO SUPPLY 200,000 TONS TO IRAN BUT WERE GETTING COMPETITION FROM GUINEA AND ONE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KINGST 03647 171255Z

OR TWO OTHERS. ROUSSEAU SAID GOJ WAS DISAPPOINTED

BY ALCOA'S LACK OF INTEREST IN JAMEX BUT THAT HE REMAINED
CONFIDENT THAT PROJECT WOULD GO AHEAD (TOTAL COST FOR
JAMEX NOW ESTIMATED \$300 MILLION).

3. ON LAND OWNERSHIP, ROUSSEAU SAID IT WAS EXTREMELY
IMPORTANT TO GOJ; CROUCH SAW NO PROBLEM WITH THIS. LATTER
SAID GOJ MIGHT WANT TO CONSIDER A TAX POLICY WHICH WOULD
ENCOURAGE THE MINING OF LOW GRADE ORES. ON RESERVES,
TERMS WOULD BE THE SAME AS FOR THE OTHER COMPANIES, I.E.,
30 YEARS PLUS 10. ROUSSEAU SAID A SEPARATE MINING COMPANY
WOULD BE SET UP FOR EACH U.S. COMPANY. GOJ WOULD REDUCE LEVY
BY ONE-HALF PERCENT IF ADDITIONAL INVESTMENT MADE. THIS WAS
OF ACADEMIC INTEREST TO ALCOA
WHICH DOES NOT PLAN ANY ADDITIONAL INVESTMENT

4. ON ICSID, ROUSSEAU SAID THE GOJ WAS VERY MUCH
DISTURBED AND WANTED ALCOA TO DROP THE SUIT BEFORE ANY
SETTLEMENT WOULD BE MADE. THERE HAVE BEEN PREVIOUS
INDICATIONS GOJ MIGHT INSIST ON THIS AS A PRECONDITION
FOR NEGOTIATIONS. THIS WAS NOT NOW ACCEPTABLE TO ALCOA,
BUT CROUCH THOUGHT THERE WOULD
EVENTUALLY BE AN AGREEMENT THAT THE SUIT WOULD BE
DROPPED. CROUCH SAID NO FORMAL REPLY TO ALCOA'S REQUEST FOR
A REDUCTION IN THE LEVY HAD BEEN RECEIVED. HOWEVER, HE
UNDERSTOOD INFORMALLY THAT THE ANSWER WAS NO, MAINLY
BECAUSE OF THE ICSID SUIT

5. ROUSSEAU SAID ESTABLISHMENT OF A "BAUXITE INSTITUTE" HAD
BEEN APPROVED AT CABINET LEVEL. THE INSTITUTE WOULD HAVE AUTHORITY
OVER THE ENTIRE RANGE OF BAUXITE OPERATIONS, INCLUDING
WORK PERMITS. HE SUGGESTED IT MIGHT EVENTUALLY NEED
OFFICE SPACE THE SIZE OF THE PEGASUS HOTEL, ITS OWN
TRANSPORTATION, I.E., JETS, ETC. ROUSSEAU CONCLUDED
BY STATING THAT THE PUBLIC RELATIONS OF THE
BAUXITE INDUSTRY WERE VERY BAD.

6. DISCUSSION ALSO INCLUDED WIDE RANGE OF ITEMS
INCLUDING SHIPPING, INSURANCE, NEED FOR PRODUCTIVITY,
FRINGE BENEFITS FOR UNIONS, WORK PERMIT PROBLEMS, ETC.
ALCOA APPROACH REFLECTED CROUCH'S SUGGESTIONS TO HIS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KINGST 03647 171255Z

HOME OFFICE; WHICH WERE BASED ON DISCUSSIONS
AMONG LOCAL ALCOA OFFICIALS. COPY OF CROUCH LETTER
AND ATTACHMENTS WILL BE POUCHED. GERARD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRODUCTION, BAUXITE, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KINGST03647
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750322-0235
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750949/aaaabqzt.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 KINGSTON 3559
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 SEP 2003 by KelleyW0>; APPROVED <29 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BAUXITE: GOJ/ALCOA PRELIMINARY CONVERSATIONS
TAGS: EMIN, EINV, JM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006